



MINUTES

Board Members Present: Councilmember Tim Burgess; Robert Harvey; David Stewart; Glen Lee; Lou Walter; Sherry Crawford
SCERS Staff Present: Cecelia M. Carter; Tony Smith; Ben Kalman; Mike Akiyama; Beverly Yapp; Deontrae Sherrard; Lisa Carns
Others Present: Mike Monaco, Song Mondress Law Firm; Carlton Seu, Seattle City Attorney's Office; John McCoy, Legislative Central Staff; Steve Viney, Retiree; Guadalya Perez; Ken Yaeger, Retiree; Tom Kirn, Finance and Administration Services; George Emerson; Finance and Administration Services

Councilmember Burgess, Board Chair called the meeting to order at 9:03am.

Public Comment: No public comment.

Administrative Consent Agenda

Minutes:

Provided in the Retirement Board packet was the minutes from the September 13, 2012 Retirement Board regular meeting.

Ratification of Retired Payroll, Office Payroll, Other Payments and Withdrawals

Service	\$10,793,200.80
Beneficiary	\$952,111.04
Disability	\$76,808.51
Pension Payroll – PPE September 30, 2012	\$11,822,120.35
 Office Payroll – PPE September 7 and 21, 2012	 \$91,455.00
 Vouchers Processed – September 30, 2012	 \$98,755.05
*Expert and Consultant Services – \$39.50	
*Investment Management Fees – \$0.00	
*Interdepartmental Charges - \$63,092.60	
*Miscellaneous - \$35,622.95	

Immediate Withdrawals of Contributions for the month of September 2012:

Member	Department Name	Position
Abellera, Francesca T	Library	Library Asst
Bender, Johanna	Muni Court	Magistrate
Buchanan, Herman	DoIT	Info Tech Prof B
Davis, Jan Paul	Seattle Center	HVAC Tech
Guy, Kelly R	HSD	Div Director
Hughes, Charles F	Parks	Res & Eval Aide
Lampkin, Crystal	Muni Court	Court Clerk Spvr.
Mabbott, Mary Cass	Library	Librarian
Michel-Midelfort, Siri J	HSD	Counselor
Rhodeside, Nicholas B	Library	Lib Assoc I
Richards, Beverly J	Seattle Center	Usher
Simonyan, Lolita	HSD	Counselor
Smith, Patricia A	Legislative	Legist Asst
Spanton, Cindy S	Muni Court	Project Mgr
Stuker, Chris	SDOT	Truck Driver

Member	Department Name	Position
Thompson, Renee M	SPU	Util Acct Rep
Van Bronkhorst, Thomas	Legislative	Legist Asst

Bold entries above indicate refund payout made to beneficiary of a member dying while in active status.

Withdrawals for a total of: \$392,534.82

Ratification of Service Retirements for the month of September

Retiree	RetireDt	Years	Days	Age	DeptName	Position
Abuan,Flordelina L	9/12/2012	33	150	62	Parks	Mgmt Sys Anlyst Sr
Blevins,Sharon G	9/5/2012	19	337	65	Parks	Gardener Sr
Borja,Florina L	8/1/2012	34	336	63	Library	Tech I
Buchanan,B Wayne	9/12/2012	32	253	63	Parks	Syst Analyst
Dunning,Terrance	9/12/2012	17	211	67	Parks	Manager 2 P&FM
Erickson,Cynthia A	8/18/2012	25	54	58	Human Services	Manager 2 Exec
Fowble,Mark N	9/8/2012	36	364	62	SPU	Grants and Contracts Spec
Gaylord,Catherine L	8/24/2012	7	55	64	Vested	Vested
Good,Anna M	8/31/2012	9	15	56	SPU	Strat Advsr 2
Goodfellow,Debra K	9/8/2012	23	357	56	Police	Latent Print Examiner
Grimm,Thomas A	9/11/2012	27	48	59	City Light	Meter Elect Crew Chief
Grow,Jacob P	8/24/2012	5	46	63	Library	Janitor
Harp,Robert K	8/21/2012	23	101	56	SPU	Wtrworks Maint Spec
Harrington,Laurel S	9/11/2012	28	97	58	SPU	Manager 3
Hawley,Catherine	9/4/2012	6	117	67	Vested	Vested
Hirano,Robert K	9/8/2012	29	153	60	SDOT	Truck Driver
Jung,Mal Ho	9/5/2012	10	281	70	Parks	Laborer
Leuschen,Bryan C	8/17/2012	39	319	61	City Light	Manager 2 Utils
Moddemeyer,Steven D	8/31/2012	13	290	59	Vested	Vested
Nelson,Sherry D	9/11/2012	26	143	65	Municipal Courts	Admin Spec II
Olsen,Jane K	8/10/2012	8	122	66	Vested	Vested
Patton,Amy L	9/11/2012	26	0	54	SDOT	Trans Plr, Sr
Patton,Brian W	8/30/2012	28	114	54	Vested	Vested
Pullen Sr,R Douglas	8/29/2012	36	238	62	City Light	Manager 2, P&FM-BU
Sargent,Eugene C	8/28/2012	5	247	66	Vested	Vested
Sharp,Kathleen T	9/12/2012	16	154	68	City Light	Admin Spec II
Shelley,Lynne	9/11/2012	10	7	64	Library	Lib Assoc I
Shields,Linh D	9/11/2012	22	237	65	Vested	Vested
Smith,Richard A	9/5/2012	32	203	63	SPU	Strat Advsr 2
Stixrood,Anne B	9/1/2012	14	217	67	Vested	Vested
Thompson,Wiley C	9/12/2012	22	251	74	Finance	Buyer Sr
Tierney Jr,Thomas M	8/31/2012	13	115	65	Vested	Vested
Tilton Jr., William H.	9/12/2012	33	242	61	City Light	Crew Chief
Tom,Brenda M	9/5/2012	45	45	68	Library	Librn
Woyak,Patrick M	9/8/2012	27	59	54	SPU	Manager II Utils
Yutuc,Augusto V	9/12/2012	30	164	65	SDOT	Parking Pay Stat Tech

For the month of September: 36 new Members entered the System, 26 terminations, 36 Members retired in the System, 5 Members removed (\$8,750.45), 1 Option B, 1 Option C expirations, 2 Option D/E continuation, 2 Option F, 1 active death, spouse receiving benefits under Option E.

Motion: Upon motion by Lou Walter, seconded by Bob Harvey, the Retirement Board approved the below items contained in the Administrative Consent Agenda.

- Minutes of the September 13, 2012, Board Meeting as amended
- Ratification of Retirement Payroll, Office Payroll, Other Payments and Withdrawals
- Ratification of Service Retirements for the month of September 2012

Investment Consent Agenda

The Investment Committee met on September 27, 2012 at 12pm at the Seattle City Employees' Retirement System Office, 720 Third Avenue, Suite 900 (Pacific Building). Committee members present: Lou Walter; Bob Harvey, Glen Lee; David Stewart. Other Board members present: Jean Becker; Sherry Crawford. Staff Present: Cecelia Carter, SCERS Executive Director; Tony Smith; Ben Kalman; Mike Akiyama; Deontrae Sherrard; Lisa Carns; Carlton Seu, Seattle City Attorney's Office. Others present: Neil Rue, PCA; David Sancewich, PCA; Mike Moy, PCA; George Emerson, FAS; Jessica Wang, Budget Office; Steve Viney, Retiree.

Tony Smith and Ben Kalman with SCERS staff provided the Board with an overview of the September 27, 2012 Investment Committee meeting outlined below.

Investment Summary Accounting Report

Mr. Kalman reported as of August 31, 2012, the SCERS total portfolio had a market value of \$1.88 billion. As of the report date, the mark-to-market funded ratio for the plan was 63.30%. Staff reported the market values of the traditional asset classes moved in line with the financial markets for the month. Approximately \$1.2 million in private-equity distributions were received. The September report will reflect the global inflation-linked securities mandate with PIMCO is now funded.

Errata – SCERS Performance Report 2Q 2012

Mr. Smith reported that PCA discussed a correction that was made to the historical return stream for SCERS's policy benchmark. PCA investigated the difference between SCERS portfolio performance versus its policy benchmark. It was discovered that Wurts, SCERS's previous performance-measurement consultant, listed the Q4 1987 return as +7.21% when the return was actually -7.21%. This had the effect of lowering the policy benchmark's growth on the Growth of a Dollar chart from a previously reported \$12.30 to \$10.64. PCA reported the gap between SCERS portfolio performance and its policy benchmark narrowed to \$0.82 instead of the previously reported \$2.48 over the period July 1984 through June 2012. The inception-to-date return for the policy benchmark decreased from 9.4% to 8.8%.

Update on Developed Markets Search Finalists Memo

Mr. Smith reported that PCA provided an update on the Non-US Equity developed markets search. PCA and staff recently conducted onsite due diligence on the five finalists and are in the process of conducting follow-up conference calls. The finalists slated for interviews at the October 25th Investment Committee meeting in alphabetical order are Dimensional Fund Advisors, PIMCO, Pyramis, and Research Affiliates.

Motion: Upon motion by Tim Burgess, seconded by Lou Walter, the Retirement Board accepted the Investment Consent Agenda.

Executive Director Report: **RFP Audit Services**

Ms. Carter requested three to four volunteers from the Board to participate on an Audit Adhoc Committee to assist in reviewing the RFP responses. There will be a one hour meeting the week of October 29th. Lou Walter, Sherry Crawford, Jean Becker and Glen Lee volunteered.

Disability Retirement – Clarification regarding Portability and Disability Retirement

Ms. Carter, SCERS Executive Director reported she did not receive any feedback from the Board of Administration regarding the proposed draft ordinance provided at the September Board meeting. Included in the Board package was the proposed draft Ordinance clarifying the Seattle City Employees' Retirement System disability benefit earned when applying portability to a disability retirement request. Ms. Carter reported that Song Mondress Law Firm did research concerning the applicability of portability towards disability retirement under the revised Code of Washington and the Seattle Municipal Code to ensure the proposed change in the proposed Ordinance would be supported.

Motion: Upon motion by Lou Walter, seconded by Jean Becker, the Retirement Board recommends approval of the modification to SCERS Disability Retirement(s) as outlined in section 4.36.220 and section 4.36.250 of the Seattle Municipal Code as provided in the attached draft ordinances.

National Save for Retirement Week

Ms. Carter presented the Board with a Resolution in support of National Save for Retirement Week October 21 – 26, 2012. Ms. Carter requested approval of the Resolution and if passed asked the Board Members to sign the Resolution.

Motion: Upon motion by Tim Burgess, seconded by Bob Harvey, the Retirement Board supported, promoted and approved the Resolution for the 2012 National Save for Retirement Week.

New Business

Ms. Carter announced SCERS staff met with the City Auditor to discuss the initial outline and scope of work for the department audit.

Mr. Walter reported he attended the Council of Institutional Investors 2012 Fall Conference in Seattle. Mr. Walter recommended the Board members to attend the conference in the future. Mr. Walter discussed corporate governance and proxy voting. Mr. Walter suggested the Board review what is being practiced today. Mr. Walter also recommended the Board identify separate committees for due diligence purposes and to make recommendations to the Board. Councilmember Burgess stated the Board will discuss developing the committees in the first quarter of 2013.

Status of Benefit Enhancements:

Information: The **estimated** current funding level of the Retirement Fund is 63.30% as of August 2012 on a marked-to-market basis. The above amount is an estimate calculated each month by the Retirement Office staff. As provided by Ordinance 120685, changes to the Floor COLA will occur once the funding level has reached at least 100% and has been confirmed by the Board after commissioning an actuarial valuation.

Councilmember Burgess announced at 9:25am that the Board would go into executive session to discuss personnel and legal matters until 10am.

The Board reconvened at 10am. There were no actions taken in Executive Session.

Councilmember Burgess requested the Board meeting scheduled for November 8, 2012 be rescheduled due to a meeting time conflict. After discussion, the Board agreed to change the meeting to November 15, 2012 at 9:30am. A notice will be posted on the SCERS website.

Adjournment:

Motion: Upon of motion Lou Walter, seconded by Jean Becker the Retirement Board voted to adjourn the meeting at 10:07am.

David L. Stewart, Secretary